

# PROMOTION OF ELECTRIC VEHICLES

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Ministry of Heavy Industries & Public Enterprises

## Promotion of Electric Vehicles

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The Department of Heavy Industry (DHI) is administering Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India (FAME India) Scheme for promotion of adoption of electric/hybrid vehicles (xEVs) in India since 01<sup>st</sup> April, 2015. The Phase-I of the Scheme was extended from time to time and the last extension was allowed till 31<sup>st</sup> March, 2019.

Presently, Phase-II of FAME India Scheme is being implemented for a period of 3 years from 01<sup>st</sup> April, 2019 with a total budgetary support of Rs. 10,000 crore. This phase will mainly focus on supporting electrification of public and shared transportation, and aims to support through demand incentive approx. 7000 e-Buses, 5 lakh e-3 Wheelers, 55000 e-4 Wheeler Passenger Cars and 10 lakh e-2 Wheelers. With greater emphasis on providing affordable and environment friendly public transportation options for the masses, the scheme will be applicable mainly to vehicles used for public transport or those registered for commercial purposes in e-3W, e-4W and e-bus segments. However, privately owned registered e-2W will also be covered under the scheme as a mass segment. In addition, creation of charging infrastructure will be also supported to address range anxiety among users of electric vehicles.

In the First Phase of the Scheme about 2.8 lakh hybrid and electric vehicles are supported by way of demand incentive amounting to about Rs 359 crore. The Department of Heavy Industry sanctioned 425 electric and hybrid buses to various cities in the country with total cost of about Rs. 300 crores. The Department has also sanctioned about 500 Charging Stations/ Infrastructure for Rs. 43 crore (approx.) under Phase-I of FAME-India Scheme.

Under Phase-II of FAME India Scheme, about 14,160 Electric Vehicles have been supported till 26.02.2020 by way of Demand Incentive amounting to about Rs. 50 crore 5595 electrical buses have also been sanctioned to various State/ City Transport Undertakings under Phase-II of the Scheme. This involves Government incentive of around Rs. 2800 crore.

TH DHI has also sanctioned 2,636 Electric Vehicles (EVs) Charging Stations amounting to Rs 500 crore (Approx.) in 62 cities across 24 States/UTs under FAME India Scheme phase II.

In addition, following initiatives were also taken up by the Government to promote the use of electric/ hybrid vehicles (including shared mobility) in various parts of the country –

- (i) Under the new GST regime, GST on EVs has been reduced from 12% rate to 5%.
- (ii) Ministry of Power has allowed sale of electricity as 'service' for charging of electric vehicles. This will provide a huge incentive to attract investments into charging infrastructure.
- (iii) The Government has also granted exemption to the Battery Operated Transport

Vehicles and Transport Vehicles running on Ethanol and Methanol fuels from the requirements of permit.

(iv) In the budget of 2019-20, the Finance Minister announced provision of additional income tax deduction of Rs 1.5 lakh on the interest paid on loans taken to purchase electric vehicles.

This information was given by the Minister of Heavy Industries & Public Enterprises Prakash Javadekar in a written reply in the Lok Sabha today.

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